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## State of Utah Department of Commerce

FRANCINE GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

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### MEDIA ALERT

#### Father and Son Face Felony Charges for \$800,000 Securities Scam (For immediate release...)

SALT LAKE CITY, Utah – Francine Giani, Executive Director of the Utah Department of Commerce, and Mark Shurtleff, Utah Attorney General, announced today that a father and son from Eden, Utah are facing felony charges for allegedly taking more than \$800,000 from investors in a used car business. Scott Lamar Rhoads, 50, and his son Zacharia Lamar Rhoads, 24, were both charged Monday with 5 second-degree felony and 1 third-degree felony counts of securities fraud, racketeering and other securities violations.

"Scott and Zacharia Rhoads both share a long history of cheating consumers. This case should serve as a warning to anyone looking to invest money," says Giani, "If the person making the offer isn't licensed through the Division of Securities, then it's probably a scam."

From February 2003 through October 2005, the father and son convinced 9 investors to give more than \$800,000 for 800 promissory notes in AutoRama, a used car lot in Weber County. Investors were told their funds would be used to purchase automobiles at wholesale and that each note would be secured by a vehicle with a corresponding vehicle identification number (VIN). Investors also received promises that they would be reimbursed for their principal investment, plus \$250 profit after each car was sold. Many participants kept rolling their money back into new AutoRama notes once the vehicles were sold.

In November 2004, the Rhoads' started missing payments and payments stopped completely in June 2005. Investigators later learned that AutoRama did not have ownership of the vehicles and that the same VIN numbers were being used on numerous promissory notes and invoices. Some investors were unaware that Scott Rhoads was the former owner of the Dusty's Car Dealership and was convicted in 1991 for failing to deliver car titles to new owners and failing to notify the state of car sales. A year earlier Scott Rhoads filed for bankruptcy from creditors.

"It is my hope that others will learn to do some checking before investing with anyone. Unfortunately this has turned into a very expensive lesson for these investors," says Attorney General Mark Shurtleff.

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The case was investigated by Diana Parrish, an investigator for the Division of Securities and will be prosecuted by Assistant Attorney General Neal Gunnarson. Defendants are presumed innocent unless they enter a guilty plea or are found guilty in a court of law. Both men remain in state custody awaiting trial.

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For more information contact:

Jennifer Bolton

(801) 530-6646 office

(801) 652-8322 cell